

\*\* NO COPY OF THIS TRANSCRIPT MAY BE MADE PRIOR TO 9/26/19

UNITED STATES DISTRICT COURT  
DISTRICT OF NEW HAMPSHIRE

ANTENNASYS, INC., \*  
v. \*  
Plaintiff, \* No. 1:17-cv-00105-PB  
AQYR TECHNOLOGIES, INC., and \* Monday, June 24, 2019  
WINDMILL INTERNATIONAL, INC., \* 2:05 p.m.  
Defendant. \*

TRANSCRIPT OF MOTION HEARING

BEFORE THE HONORABLE PAUL J. BARBADORO

## APPEARANCES:

16 For the Plaintiff: Steven J. Grossman, Esq.  
17 Grossman Tucker Perreault  
18 & Pfleger PLLC  
55 South Commercial St  
Manchester, NH 03101

19 For the Defendants: Laura L. Carroll, Esq.  
20 Eric G.J. Kaviar, Esq.  
21 Burns & Levinson LLP  
125 Summer St  
Boston, MA 02110

23 Court Reporter: Brenda K. Hancock, RMR, CRR  
24 Official Court Reporter  
25 United States District Court  
55 Pleasant Street  
Concord, NH 03301  
(603) 225-1454

P R O C E E D I N G S

THE CLERK: All rise for the Honorable Court. Please be seated. This Court is in session and has for consideration a motion hearing in Civil Matter 17-cv-105-PB, AntennaSys, Incorporated v. AOYR Technologies, Incorporated.

6 THE COURT: I'd like to begin by trying to have a  
7 better understanding of the nature of the relationship between  
8 the parties as envisioned by the license agreement. I'll start  
9 with the plaintiff and ask plaintiff to help me understand what  
10 the plaintiff sees that agreement as requiring. Keep in mind  
11 this is a 12(b)(6) motion. Excuse me. Keep in mind this is a  
12 summary judgment motion. I'm not going to be making decisions  
13 based on facts outside of the record, but I want to better  
14 understand what the relationship is as envisioned in the  
15 Licensing Agreement.

24 THE COURT: What I'm asking, though, is to tell me  
25 about the nature of the relationship that results from the

1 license agreement. Is the interaction with the parties  
2 governed solely by the license agreement.

3 MR. GROSSMAN: That is our understanding, that AQYR is  
4 a wholly owned subsidiary of Windmill.

5 THE COURT: I get that, but I'm trying to understand  
6 the relationship between AntennaSys and AQYR. The two parties  
7 to the license agreement are Windmill and AntennaSys.

8 MR. GROSSMAN: That's correct.

9 THE COURT: And so, let me be more clear, then. I'm  
10 trying to understand what is the relationship between Windmill  
11 and Atennasys that is created by virtue of this agreement.

12 MR. GROSSMAN: Thank you for clarifying.

13 THE COURT: I understand the parent subsidiary issue.

14 MR. GROSSMAN: Yeah. Okay. Thank you. Windmill was  
15 a licensee under the agreement of an invention that was created  
16 both by Windmill inventor Mr. Webb -- I'm sorry -- an  
17 AntennaSys inventor, Mr. Webb, and Windmill had an inventor,  
18 Mr. David Martin. They came up with an invention, and they  
19 filed on it, which is the patent that's before the Court.

20 THE COURT: And they assigned to their respective  
21 employers.

22 MR. GROSSMAN: That's correct.

23 THE COURT: And the employers entered into an  
24 agreement --

25 MR. GROSSMAN: That's right.

1                   THE COURT: -- in which the --

2                   MR. GROSSMAN: That's correct.

3                   THE COURT: -- AntennaSys agrees to license its  
4 interest in the patent to Windmill.

5                   MR. GROSSMAN: That's correct.

6                   THE COURT: And what I'm trying to understand is what  
7 is that relationship? Is it just an agreement in which they  
8 agree to license their interest in the patent to Windmill and  
9 they agree that they will be the exclusive licensee of the  
10 patent?

11                  MR. GROSSMAN: That's correct.

12                  THE COURT: And they will take on responsibilities to  
13 manufacture and distribute the product?

14                  MR. GROSSMAN: That's correct. Yes.

15                  THE COURT: And they, then, have the exclusive right  
16 under this patent to do that, and they have some obligation to  
17 manufacture and distribute?

18                  MR. GROSSMAN: That's correct. Just one  
19 clarification, your Honor. I concur with that analysis. There  
20 was an exclusivity provision and a nonexclusivity provision,  
21 and the exclusivity provision, I don't have it right in front  
22 of me, I didn't realize this question was coming, did have some  
23 benchmarks where it would convert to a nonexclusive. But, with  
24 that said, your Honor's understanding of that agreement is  
25 similar to mine.

1                   THE COURT: So, Windmill made a payment up front to  
2 AntennaSys, right?

3                   MR. GROSSMAN: Yes.

4                   THE COURT: And, in exchange, they got this agreement?

5                   MR. GROSSMAN: That's correct.

6                   THE COURT: And they obligated themselves to do  
7 certain things --

8                   MR. GROSSMAN: Yes.

9                   THE COURT: -- such as defend the patent?

10                  MR. GROSSMAN: That's correct.

11                  THE COURT: Okay. And to market the product that is  
12 protected by the patent?

13                  MR. GROSSMAN: That is correct. You're absolutely  
14 right. And your Honor made mention of one provision. Windmill  
15 did agree to work together with AntennaSys. Not only that;  
16 they jointly prosecuted the patent, so they worked together,  
17 and they had one representative that prosecuted for both  
18 parties. And Windmill also in the agreement agreed -- I  
19 realize they may dispute this -- that they would use their good  
20 faith to support the validity of the patent, and that's another  
21 provision in the agreement as well that I --

22                  THE COURT: If I have correctly construed the patent,  
23 you agree that the product that the subsidiary is selling does  
24 not infringe?

25                  MR. GROSSMAN: That's correct. That's the subject of

1 our motion, and that's what we have moved for judgment of  
2 noninfringement.

3 THE COURT: Right. And if I am correct, and given  
4 your stipulation, what is your current understanding of the  
5 rights that you have under this contract, this license  
6 agreement?

7 MR. GROSSMAN: Let me rephrase and see if I got your  
8 Honor's comment correct. If you give judgment of  
9 noninfringement, the product sold by AQYR would then not be  
10 infringing.

11 THE COURT: Right. I'm asking a different question.  
12 I understand that.

13 MR. GROSSMAN: Yeah.

14 THE COURT: I'm asking a different question. What  
15 obligations, if any, would Windmill still owe you under the  
16 license agreement?

17 MR. GROSSMAN: Good question, your Honor. There are  
18 other patents involved, so there would be some remaining  
19 obligations under other patents, but under this particular  
20 patent there would be no remaining obligations with regards to  
21 the identified products.

22 THE COURT: So, do you concede that by manufacturing  
23 and selling the product that you contended in this lawsuit was  
24 an infringing product, do you concede that, unless my  
25 interpretation of the patent is overturned, that Windmill has

1 not breached the contract in any way by manufacturing and  
2 selling that product?

3 MR. GROSSMAN: Yes. We would agree there's no breach  
4 of the contract in the manufacturing and selling of that  
5 product.

6 THE COURT: Okay. You know judicial estoppel, right?  
7 He has just agreed and will be estopped for forever more  
8 arguing that you have breached this contract in any way by  
9 manufacturing and selling the alleged infringing product.  
10 That's pretty good. You should be really, really happy,  
11 because he will acknowledge that the doctrine of judicial  
12 estoppel will forever bar his client from contending otherwise.

13 Do you agree with that?

14 MS. CARROLL: Do you want me to --

15 THE COURT: Wherever you're comfortable.

16 MS. CARROLL: I'll stay here.

17 THE COURT: Okay.

18 MS. CARROLL: And then Mr. Grossman doesn't have to --

19 THE COURT: Whatever. Whatever works. You'll be both  
20 back and forth for a while here, okay?

21 MS. CARROLL: Yeah. That would be --

22 THE COURT: You like that, don't you?

23 MS. CARROLL: I do like that. I've got a big smile on  
24 my face, and I haven't even had to argue anything yet.

25 THE COURT: All right.

1 MS. CARROLL: Our concern, your Honor, as you've seen  
2 from our papers, is that the state law claims asserted against  
3 both Windmill and AQYR are not just, "You breached the license  
4 agreement by not paying us royalties under the agreement."  
5 Instead, the state law claims -- there's five counts of state  
6 law claims, some against Windmill, some against AQYR -- allege  
7 that one of the things the defendants did wrong was design  
8 around the patent-in-suit.

9 THE COURT: I understand that, and that's why I began  
10 with trying to understand the license agreement, and the way  
11 he's described the license agreement it's quite simple and  
12 straightforward, it is what it appears to be, which is an  
13 agreement in which you're licensing your interest in the patent  
14 to them in exchange for a payment and certain agreements by  
15 Windmill to do certain things, to manufacture and distribute  
16 the product and pay you royalties that they are required to pay  
17 to defend the integrity of the patent.

18 He has now conceded that, if I have correctly  
19 interpreted the patent, that is, unless -- and I grant their  
20 motion for judgment with respect to the infringement claim, he  
21 has conceded that there is no way in which Windmill or its  
22 subsidiary could in any way be liable under this agreement  
23 under any of these theories for anything they did with respect  
24 to the alleged infringing product. I recognize that the  
25 Amended Complaint uses language that appears to be broader than

1 that, but we don't need to worry about that, because the  
2 doctrine of judicial estoppel bars him from forever arguing  
3 that those claims mean something than what he told me they mean  
4 today. He told me they mean today only that those claims can  
5 be viable only if the product that is at issue in the  
6 litigation infringes the patent, and since he agrees that under  
7 the current interpretation it does not, it necessarily follows  
8 from his concession that he cannot recover against you under  
9 any of these theories unless and until he causes the Federal  
10 Circuit to reverse me.

11 That's what I understand him to be saying, and if I  
12 have misunderstood him, he needs to stand up and tell me. But  
13 he has agreed, notwithstanding what was said in the Amended  
14 Complaint, that there is no possible way that you can be held  
15 liable under any of these theories for designing around the  
16 patent to prepare the product at issue. You can't be held  
17 liable. He's told me that. I'm relying on that. In issuing  
18 that order it seems self-evident to me that the doctrine of  
19 judicial estoppel bars him from arguing otherwise in a future  
20 proceeding. If he doesn't think that's right, he needs to  
21 stand up and tell me, because I'm relying on that.

22 MR. GROSSMAN: Your Honor, you have it correct.

23 THE COURT: Okay. All right.

24 MS. CARROLL: What's concerning me, your Honor, is --  
25 well, I have a number of issues concerning me, but one of the

1 issues concerning me is that --

2 THE COURT: You've won. This is the thing.

3 MS. CARROLL: I know I've won.

4 THE COURT: You've won, 100 percent won, and you're  
5 not taking your victory and going home. I don't understand it.

6 MS. CARROLL: Well, it's because, your Honor --

7 THE COURT: You think I made a mistake, I guess. You  
8 think I have misconstrued the patent.

9 MS. CARROLL: No, I don't.

10 THE COURT: I might have, because, as I explained in  
11 my opinion, trying to discern where this "fine line" is, given  
12 Federal Circuit discussion about it, is a difficult thing, and  
13 I might have not adequately anticipated what the Federal  
14 Circuit has said. I'm fine with that. If I've made a mistake,  
15 they'll correct me, but if I haven't made a mistake the case is  
16 over. You've won 100 percent.

17 MS. CARROLL: Just to --

18 THE COURT: Take your victory and go home. Go ahead.  
19 I'm sorry. I'm being facetious. Of course, I'll hear you out,  
20 but it seems like you have gotten a slam-dunk victory here, and  
21 I have acknowledged that I have struggled with interpreting --  
22 I have tried as best I can to faithfully apply Federal Circuit  
23 precedent. I acknowledge with respect to the "stowed and  
24 deployed" term that it is a challenge to faithfully apply that  
25 precedent. I tried my best to do it. If they don't think I've

1       done it, they will, hopefully, respectfully say, "The Judge  
2       tried, but we have a different view," and then we can come back  
3       and we can do everything over.

4           But the idea that I'm going to march ahead under an  
5       interpretation where all of my subsequent work will be  
6       meaningless if I'm right and if I'm wrong I'll have to  
7       completely redo it seems like an incredible waste of time.

8           MS. CARROLL: Your Honor, I understand your position.  
9       I want to raise just a couple of things that hopefully we can  
10      address --

11           THE COURT: Go ahead. Okay.

12           MS. CARROLL: -- because I would love to declare  
13      victory and go home, too. I'm not seeking to prolong this.

14           THE COURT: Okay.

15           MS. CARROLL: I guess my first question is, since as  
16      it sounds like your Honor agrees, the state law claims, pretty  
17      much all of them, accused our clients of wrongdoing by  
18      designing around the patent.

19           THE COURT: I agree. I debate this with my law  
20      clerks. Why do people do this? Well, a good lawyer, if it  
21      were you or for the other side, when drafting a complaint is  
22      going to draft the complaint in as broad a set of terms as they  
23      think they can permissibly draw them, given the facts that are  
24      available to them. I agree with you that some of the language  
25      in those causes of action can be read as somewhat broader than

1 simply a claim that by infringing they have also breached the  
2 contract. They have left open a little bit of wiggle room that  
3 there might be an argument that, even though not infringing,  
4 they nevertheless violate the contract or they nevertheless  
5 give rise to a claim for breach of duty of good faith and fair  
6 dealing, or they nevertheless constitute a Consumer Protection  
7 violation.

8 I agree with you on that, that they could be read more  
9 broadly, but he's disclaimed those readings in a way to induce  
10 me to take a particular action, and I'm inclined to accept it  
11 because it's an efficient and reasonable way to proceed. It  
12 saves you money. It saves them money. It allows us to get a  
13 determination on a difficult question of law that I did my best  
14 on but the Federal Circuit is, for all practical purposes,  
15 authoritative on.

16 Apparently, there's a desire to proceed on appeal on  
17 that issue. I don't take offense at that at all. It's  
18 something that is a reasonable thing to do, and it will either  
19 end the case because you'll win there, or it will give me  
20 information that I can use to help you both fairly resolve the  
21 case down the line.

22 MS. CARROLL: And I appreciate that, your Honor. So,  
23 one issue is, in the event that the Fed. Circuit tweaks, as  
24 they are wont to do, any of the construction of "stowed and  
25 deployed" and we're back here, does this judicial estoppel mean

1 that when we come back we now need to deal with not just are  
2 these infringing products, but if they're not still we're  
3 liable for a design around? I mean, do both of those arguments  
4 come back into play?

5 THE COURT: Let me try to summarize where I think we  
6 would be, and either of you can disagree. So, in the event  
7 that the Circuit vacates my decision and remands with further  
8 guidance in which they provide an alternative interpretation of  
9 one or more key patent terms, at that point the judgment of  
10 noninfringement would be vacated. We would have to reassess  
11 that particular issue. We would also have to reassess whether  
12 any or all of those additional state law claims would be  
13 viable. But one theory on which they would not be viable is  
14 the theory that, even if they don't infringe, even if they have  
15 not infringed, that the claims can be maintained on a  
16 design-around theory --

17 MS. CARROLL: Okay.

18 THE COURT: -- because they are foregoing the  
19 design-around theory. That's my understanding. Have I got  
20 that right? I don't want to press you to concede more than you  
21 can concede, but that seems to follow logically from the  
22 position that you are taking. Those claims will be viable to  
23 the extent that there's an infringement under the new theory,  
24 but to the extent that there's no infringement under the new  
25 theory the state law claims can't be maintained.

1                   MR. GROSSMAN: Well, we have some state law claims  
2 that are not focused on just the design-around issue. You  
3 follow that. In other words, we have breach of payment of  
4 royalty, failure to mark. There are other -- as you pointed  
5 out in your conversations with the clerk --

6                   THE COURT: But you have told me that you can't  
7 prevail on those claims without showing infringement.

8                   MR. GROSSMAN: Those claims -- we are willing to  
9 dismiss those claims with full prejudice, subject to the  
10 Federal Circuit's review of the claim construction order. If  
11 the claim construction order is reversed, the infringement  
12 ruling is out. In our state law claims we would have breach of  
13 contract for not paying under the accused product, failure to  
14 mark, and I see your Honor is not maybe favoring this, we would  
15 then at that point like to pursue the design-around claim on  
16 the grounds that they didn't make the now-established claimed  
17 product.

18                   THE COURT: I understood you to be saying to me,  
19 "Judge, we agree that, unless there is infringement by  
20 manufacturing and selling the allegedly infringing product, we  
21 have no claim against the plaintiff for the manufacture and  
22 sale of that product either for infringement or under state  
23 law."

24                   MR. GROSSMAN: That's correct.

25                   THE COURT: And so, if the Circuit remands --

1                   MR. GROSSMAN: Yes.

2                   THE COURT: -- and I take the guidance that the  
3                   Circuit gives me, and I construe the terms again, and we go to  
4                   summary judgment again, and I determine on summary judgment  
5                   that there is no infringement, I take your concession to be the  
6                   case is over at that point, because you have linked your  
7                   ability to pursue these state law claims to the proof of your  
8                   infringement claim.

9                   MR. GROSSMAN: Could I have a moment?

10                  THE COURT: Yeah, you talk that through.

11                  MR. GROSSMAN: Could I have a moment with my client?  
12                  Because I understand where the Court is now. Could I have one  
13                  minute?

14                  THE COURT: Yes, take as long as you need, because I  
15                  don't want to force you into something. I'm just telling you  
16                  that that's what I understood you to be saying, and I  
17                  understand the lawyer's desire to always leave as much room if  
18                  this happens.

19                  MR. GROSSMAN: Right.

20                  THE COURT: But if you want this remedy, it seems to  
21                  me, this result of judgment being entered so you can take an  
22                  expeditious appeal, the way to get it, clearly, is to agree  
23                  with what I'm saying, because in that case it is very clear to  
24                  me that your state law claims are dependent on your  
25                  infringement claim, and to the extent that they are not

1 dependent on your infringement claim for any reason, then I  
2 have to go along and assess whether I should let the litigation  
3 continue until the state law claims on the noninfringement  
4 theories are adjudicated. On the other hand, if there are no  
5 claims of -- state law claims without infringement, then I can  
6 easily go forward and do what you're asking, in my view.

7 MR. GROSSMAN: One moment, your Honor.

8 THE COURT: Okay.

9 (Counsel conferred off the record)

10 MR. GROSSMAN: Your Honor, we're fine with the Court's  
11 proposal. We would give up the design-around claim that's  
12 dependent upon the finding of noninfringement.

13 THE COURT: All right. So, the bottom line here, so  
14 that everybody understands this, is that they are  
15 acknowledging -- they're making a concession that I would rely  
16 on in granting their request to enter judgment and dismiss --  
17 judgment on the noninfringement and dismiss the state law  
18 claims with prejudice subject only to their reinstatement in  
19 the event that there is a reversal of my claim construction  
20 ruling, and in making that request they are conceding that  
21 their state law claims are dependent on a favorable  
22 determination of their infringement claim, however it is  
23 ultimately determined, and unless it is favorably determined to  
24 them, they acknowledge that they cannot pursue any claim under  
25 state law that they've asserted here based on the conduct that

1 is at issue here, which is manufacturing and selling the  
2 allegedly infringing product. I don't think that could be any  
3 more clear, so if they are prepared to make that concession,  
4 now is there anything else left that you're afraid of?

5 MS. CARROLL: The other issue, your Honor -- and,  
6 believe me, we've researched this a lot trying to figure this,  
7 unscramble this -- as your Honor knows, we have several  
8 invalidity defenses that we've offered, all of which we have  
9 flagged. I know that plaintiff also had an invalidity issue  
10 they raised with respect to assignor estoppel, and in each  
11 instance, both in the decision your Honor issued granting our  
12 leave to put in an affirmative defense of invalidity and then,  
13 again, at our claim construction hearing, your Honor said, "I'm  
14 going to defer ruling on those -- on any of the invalidity  
15 issues until we get to the summary judgment stage," which is  
16 totally normal and fine. However, that has not happened.

17 We, therefore, if we go up to the Federal Circuit, as  
18 they wish, we are not in a position, on the defendant's side in  
19 a position to raise any of those issues before the Federal  
20 Circuit because your Honor has not ruled on them.

21 THE COURT: Right.

22 MS. CARROLL: And the Federal Circuit will say, "Are  
23 you nuts? Why are you trying to do this? You have to go to  
24 the District Court first."

25 THE COURT: As they should.

1                   MS. CARROLL: As they should. That's how it works. I  
2 totally understand that. I'm not trying to jump the line. Our  
3 concern was that we not get boxed in. Like, if we go up to the  
4 Fed. Circuit now, as they want with this deal that we're  
5 talking about now, they raise "stowed and deployed," what do we  
6 do? We've got issues we'd like to raise, kind of the next-step  
7 issues with respect to your Honor's claim constructions which  
8 implicate invalidity, such as lack of written description, lack  
9 of enablement, indefiniteness premised on your construction.  
10 We can't appeal those issues now, because we haven't gotten to  
11 the end of the line on that at this court. Are we, therefore  
12 -- so, I think we're precluded from raising that now with the  
13 Federal Circuit. So, if the Federal Circuit affirms, case is  
14 over. If it remands and we come back and we're doing this  
15 again, are we running a risk that we raise it the next time and  
16 the Federal Circuit says, "Hey, that was a claim construction  
17 issue; you waived that." And we cited cases where that had  
18 happened.

19                   THE COURT: No, no. Everybody in this room will get  
20 up and acknowledge on the record that, in the event that there  
21 is a -- my summary judgment ruling on the infringement claim is  
22 vacated and a new construction is required, either given to me  
23 by the Federal Circuit or they somehow ask me to go back and do  
24 something and reconsider, at that point your defense, which  
25 doesn't get adjudicated now --

1 MS. CARROLL: Right.

2 THE COURT: -- your affirmative defense doesn't get  
3 adjudicated now, becomes open for adjudication again. You're  
4 not waiving or precluding any ability to argue that invalidity  
5 defense, and if the defendant thinks otherwise they need to  
6 tell me.

7 MS. CARROLL: You mean if the plaintiff.

8 THE COURT: Plaintiff -- excuse me -- they need to  
9 tell me. Now, if you have sued somebody for negligence and  
10 they move to dismiss and say, "You've sued Company A, I'm  
11 Company B, I'm not the same company, and, by the way, your  
12 claim is barred by the statute of limitations," and I say, "Oh,  
13 you've sued the wrong company," and there's an appeal and the  
14 Court of Appeals says, "No, you've sued the right company," you  
15 wouldn't lose your statute of limitations affirmative defense,  
16 just like you won't lose your invalidity defense. It will be  
17 available to you to the same extent it is available now.

18 Now, if I were to do what you wanted, what I would do  
19 is I would evaluate an invalidity defense which would depend in  
20 significant part on the claim construction I gave to the patent  
21 at issue.

22 MS. CARROLL: But not on the same term.

23 THE COURT: Maybe not. Maybe. I am not willing to go  
24 and spend a year and cause you to spent tens of thousands,  
25 maybe 100,000 dollars litigating an invalidity defense that may

1 be based on improper claim construction by me or litigating an  
2 invalidity defense that you may never have to litigate.

3 Believe me, one of the things I'm most concerned with  
4 is I don't want to waste the time of an appellate court. The  
5 appellate courts are much more under stress than I am. I don't  
6 want to simply pass my work off to them. If I thought I could  
7 easily and simply resolve the case once and for all, I would.

8 But, ordinarily, when someone asserts an affirmative  
9 defense and the defendant wins on the merits, you don't  
10 litigate the affirmative defense, and the affirmative defense  
11 goes away. It becomes moot because you've won on the merits.  
12 Here you've won on the merits. There may be other tactical  
13 reasons why you'd like to throw out this patent, but you don't  
14 have a basis to challenge the validity of a patent when you're  
15 not being charged with infringement, and I'm saying, based on  
16 the statements that they've made, you're not being charged with  
17 infringement.

18 So, I think, as a practical matter, you haven't  
19 asserted a counterclaim. This is an affirmative defense. The  
20 affirmative defense is to a claim that is no longer viable for  
21 other reasons. Judges don't decide issues that they do not  
22 need to decide. It's Basic Judging 101. There are important  
23 principles of judicial restraint that we do not reach out to  
24 decide issues that we don't need to decide, and I don't need to  
25 decide invalidity. I may end up deciding it based on an

1       incorrect claim construction. It's a gigantic waste of time if  
2 I do that. Here we have an issue that is well teed up for the  
3 Federal Circuit. They think I've made -- I don't know -- maybe  
4 you could specify for me. How many errors do you think I made?  
5 Is it primarily the "stowed and deployed" issue?

6                    MR. GROSSMAN: That is the term that we would focus on  
7 in our --

8                    THE COURT: That is a relatively easy thing to tee up  
9 and brief. You've both already done it once with me.

10                  MR. GROSSMAN: Yeah. And just one other point of  
11 order, your Honor. With regard to Ms. Carroll's comment that  
12 she's precluded, she argued during claim construction that  
13 "centrally located" was indefinite. In your order, your Honor,  
14 you responded to that and said, if I may, you specifically said  
15 you reject the indefinite argument on "centrally located."

16                  THE COURT: Right. Well, to the extent I've ruled,  
17 but I have also left open --

18                  MR. GROSSMAN: I agree.

19                  THE COURT: -- certain issues about invalidity.

20                  MS. CARROLL: Right.

21                  MR. GROSSMAN: I agree.

22                  THE COURT: Certain of their arguments as to why it's  
23 indefinite, I agree I've rejected those. To the extent I have,  
24 those are my rulings.

25                  MR. GROSSMAN: Right.

1                   THE COURT: I'm not going to change them unless the  
2 Court of Appeals tells me to do it.

3                   MR. GROSSMAN: Correct.

4                   THE COURT: But I did leave open other invalidity  
5 arguments that would be litigated at a later date, and some of  
6 those might turn on the claim construction that I have given to  
7 the --

8                   MR. GROSSMAN: We're fine with it, your Honor. But in  
9 answer to your question, yes, our focus on appeal will be on  
10 the "stowed and deployed" limitation.

11                  THE COURT: And do you agree that, in the event that  
12 the claim construction is overturned and the ruling of summary  
13 judgment on your infringement claim is vacated, that they in no  
14 way lose their right to litigate any invalidity claim that I  
15 have not already determined against them?

16                  MR. GROSSMAN: I agree with that.

17                  THE COURT: Okay. So, again, it's a matter of  
18 judicial estoppel. I can't imagine the Federal Circuit would  
19 say, "You waived your right to challenge invalidity because you  
20 didn't raise it on appeal when the judge said, 'I'm refusing to  
21 adjudicate your invalidity claim now,'" and your opposing party  
22 has agreed that your claim will be fully preserved in the event  
23 of remand. I think that should take care of that concern.

24                  MS. CARROLL: Just, may I have a minute?

25                  THE COURT: Okay.

1 (Counsel conferred off the record)

2 MS. CARROLL: Your Honor, I think this all seems to  
3 make sense to us. I think we have serious concerns with the  
4 form of order that was put together by plaintiff's counsel. We  
5 would want something that's much clearer and more detailed like  
6 your Honor has been addressing.

7 THE COURT: Why don't you submit a proposal within  
8 seven days. Well, first, within seven days submit to opposing  
9 counsel -- meet and confer and see if you can agree, and within  
10 seven days thereafter, if you can agree, you'll file a joint  
11 proposal. If you can't agree, you'll each file your separate  
12 proposal, and I will then enter judgment that I think is  
13 appropriate after reviewing your submissions.

14 MS. CARROLL: The other issue --

15 MR. GROSSMAN: We're fine with that.

16 MS. CARROLL: The other issue, your Honor, is we would  
17 like, just again to protect us from any preclusion later,  
18 though everyone in this room is agreeing we don't want that to  
19 happen, rather than suggest it's a claim construction appeal, I  
20 think we would want it -- it's an appeal of the construction of  
21 the claim term. I think they've just said "stowed and  
22 deployed."

23 THE COURT: No. They are agreeing to the entry of a  
24 judgment of noninfringement, summary judgment of  
25 noninfringement based on my claim construction.

1                   MR. GROSSMAN: That's right.

2                   THE COURT: They can take an appeal from that order  
3 and challenge whatever they want with respect to my claim  
4 construction.

5                   MR. GROSSMAN: And our position is so can Ms. Carroll.  
6 She's indicated in her opposing papers --

7                   THE COURT: I know. I really messed it up. Nobody  
8 agrees.

9                   MR. GROSSMAN: She's attacking more of your  
10 construction than we are.

11                  MS. CARROLL: No, no.

12                  MR. GROSSMAN: So, I don't believe that she's  
13 precluded as a responsive party in the appellate proceedings to  
14 argue for her construction.

15                  MS. CARROLL: Your Honor, this gets back into my  
16 concern. We are not challenging more of your order than they  
17 are. What we identified in our final invalidity contentions  
18 and, again, in our opposition papers for this motion is that  
19 there are invalidity arguments that arise based on the claim  
20 construction. That does not mean, for example, insufficient  
21 written description as to certain terms. That doesn't  
22 implicate meaning your Honor gave a faulty claim construction.  
23 It's more saying, based on this claim construction, there's  
24 insufficient written description in the specification for that  
25 particular construction. That is not saying your Honor got it

1 wrong. That's an invalidity argument. And we are not --  
2 several times this came up during the claim construction  
3 hearing, your Honor. We gave you the transcript and cited to  
4 those pages where, when we raised those issues, you said, I'm  
5 paraphrasing, but, "I hear you. We will deal with that at the  
6 summary judgment stage."

7 THE COURT: But my order is my order. What I wrote in  
8 the order is what my decision is.

9 MS. CARROLL: Right.

10 THE COURT: That decision has caused the plaintiff to  
11 conclude that they cannot prevail in light of that order. They  
12 should be entitled to take an appeal and argue that anything I  
13 did or said in that order is incorrect; you should be able to  
14 take an appeal that anything I did or said in that order is  
15 incorrect. But to the extent I do not address an issue of  
16 invalidity, your right to litigate that issue on remand is  
17 fully preserved if a remand is ordered. You don't forfeit your  
18 right to present additional invalidity arguments. You remain  
19 free to challenge any aspect of my order, as do they. That's  
20 the efficient way to resolve the case.

21 I took my best shot. I might be right, I might be  
22 wrong. I defer to the expertise of the Federal Circuit. I  
23 respect them greatly and will just try to be a faithful  
24 lieutenant and apply any guidance they give to me. But that's  
25 the most efficient way to resolve it, and that's what I intend

1 to do.

2 MS. CARROLL: Well, I think, your Honor, we still have  
3 those concerns in terms of what the Federal Circuit might do or  
4 how they might view this, regardless of what everybody in this  
5 room is agreeing. But, hopefully, we can craft an order that's  
6 clear enough to protect our rights, because we did find cases,  
7 your Honor, where someone came back the second time and they  
8 said, "Oh, well, you were already here and you didn't raise it  
9 the first time," and I'm sure it was --

10 THE COURT: I doubt those were cases in which the  
11 District Judge specifically told the parties that, "You're not  
12 precluded from raising these issues later on." The opposing  
13 party got up and agreed that you weren't precluded from raising  
14 them later on. They're estopped from arguing otherwise. What  
15 reason would the Federal Circuit do that where everybody  
16 induced you to go along with this by telling you your arguments  
17 aren't waived and then the Federal Circuit says, "Well, too  
18 bad; they're waived"?

19 MS. CARROLL: Well, your Honor, I think that's just  
20 why I think we need to be not just clear orally as we're  
21 talking but clear in the order.

22 THE COURT: And I'm willing to have you try to do  
23 that.

24 MS. CARROLL: Yeah.

25 THE COURT: I'm understanding the point you're raising

1 now that I did not get in your pleadings.

2 MS. CARROLL: I'm sorry.

3 THE COURT: Let me state it back to you and make sure  
4 that I'm on it completely. In certain portions of my claim  
5 construction order you made an assertion that a claim term was  
6 indefinite, right? And I responded with respect to some of  
7 those arguments by saying, "The term means this. It's not  
8 indefinite, it means this." You're afraid that if you try to  
9 argue that I was wrong about that and say it's indefinite that  
10 you will waive any other invalidity defense you might have? Is  
11 that what your concern is, that by engaging in a challenge to  
12 that portion of my order you will waive the right to litigate  
13 subsequently invalidity arguments that I did not adjudicate in  
14 the order? Is that what you're concerned about?

15 MS. CARROLL: Yes, yes. And I think in some of  
16 them -- yes, I think that's saying it accurately, because some  
17 of them, you know, there were issues like, for example, lack of  
18 written description, which come up which your Honor didn't  
19 reach. I mean, there are several times -- and I'm not saying  
20 any of this critically. It's the same as the assignor estoppel  
21 issue they raised, and your Honor said, "I will address that  
22 when it's fully briefed in summary judgment." So, we have some  
23 of these issues hanging out there.

24 I'm not trying to make work for anybody or have it  
25 just be because it's entertaining and what we do; I'm just

1       trying not to be looking at this a year from now, going, "Oh,  
2       we really shot ourselves in the foot and we kind of lost what  
3       we thought was a really meritorious argument."

4           THE COURT: I understand the fear that lawyers have  
5       that Courts will do irrational things, and I just have to tell  
6       you I have greater faith in the Federal Circuit than you do, I  
7       guess. I made certain rulings. To the extent I've made a  
8       ruling and it's incorrect, you should tell the Federal Circuit  
9       that it was incorrect. To the extent I said, "I'm not ruling  
10      on that issue now," the Federal Circuit can't and I can't  
11      imagine would ever say to you, "Because you didn't raise those  
12      issues that the judge said he didn't need to reach below,  
13      you've lost your right to have those reviewed subsequently."  
14      Unless the Federal Circuit ordered me not to, I'm telling you  
15      what I would do if they remanded the case to me. I would say,  
16      okay, here they've reversed me on A, B and C and told me what  
17      to do, A, B and C. I'm going to do that. Now, everything else  
18      that was undecided by me on invalidity, I'll now have to go and  
19      decide, and, unless I determine that there is summary judgment  
20      or noninfringement based on the new construction, I would then  
21      go on and decide the invalidity claims.

22           MS. CARROLL: Okay.

23           THE COURT: I can give you this much of assurance. I  
24      can't bind the Federal Circuit, but I can give you this  
25      assurance: I will not deprive you of the ability to litigate

1 your invalidity defense if the case is remanded unless I am  
2 expressly ordered to do that by the Federal Circuit, because it  
3 would be manifestly unjust to do that, and I will not do it  
4 unless I'm expressly ordered to do it by the Federal Circuit.  
5 And then, if I entertain the matter on invalidity and I rule  
6 against you, I will make clear on the record, if you remind me,  
7 that I told you that those issues would be fully open to be  
8 litigated again, and you relied on that in taking the positions  
9 you took on appeal. Judicial estoppel can bind parties, but  
10 there are also times in which the representations that the  
11 judge makes to the parties can be reasonably relied on by the  
12 parties as well, and I think that would be a case where you  
13 have a very strong argument that you can reasonably rely upon  
14 the assurances that I've given you.

15 I'm looking to find the most efficient way to help you  
16 resolve this dispute, and as long as your rights are protected,  
17 and I think you've done a good job of making clear that certain  
18 kinds of arguments that they might have wanted to reserve,  
19 because a lawyer always likes to reserve everything possible,  
20 they're going to agree they're not going to pursue. Other  
21 arguments they have, they will be able to litigate them on  
22 remand. You will be able to litigate on remand any issue that  
23 I did not decide in this prior order that would be appealed  
24 from except to the extent that the Federal Circuit takes some  
25 kind of action, and I will follow any Federal Circuit action,

1 and then I will allow you to relitigate issues that I left  
2 unresolved.

3 So, at some point I understand the fear that lawyers  
4 have, but judges try to get the right thing done. The right  
5 thing done here is -- and I commend you for doing this. You  
6 make an assessment and say, you know, "We'll live or die with  
7 our effort to get the Federal Circuit to overturn the judge on  
8 this." That's a good thing to do. I understand your caution.  
9 You've raised your points. You've achieved some further  
10 concessions from the other side. I've made clear to you to the  
11 extent I possibly can that issues that you raised previously  
12 but I left unresolved will still be open to you in the event  
13 that there is a remand, unless, of course, I decide in your  
14 favor again on noninfringement.

15 All right. So, I will give you -- you should take the  
16 next step, because you're the one that's most concerned about  
17 this, which is within the next seven days share with them a  
18 proposal.

19 MS. CARROLL: Sure.

20 THE COURT: You then meet and confer, and within seven  
21 days thereafter, so 14 days from today you will either file,  
22 which I hope you will do, a joint proposal for the order, in  
23 which case I'm strongly inclined to defer to what the parties  
24 suggest. To the extent you have different views say, "We agree  
25 on A, B and C, our only disagreement is I want these three

1       things and they say, 'No,'" I'll look at it and decide what to  
2       do and issue an order.

3               And I commend both sides for good lawyering here.

4       This is what you're supposed to do, but I think we've  
5       adequately addressed the issues, and I don't need to take any  
6       further action at this time. I'll wait for your joint  
7       submission and take action after receiving it.

8               All right. Is there anything else we need to cover  
9       today?

10              MR. GROSSMAN: We're fine with that. Thank you, your  
11       Honor.

12              MS. CARROLL: Thank you.

13              THE COURT: Okay.

14              THE CLERK: All rise.

15              (WHEREUPON, the proceedings adjourned at 2:48 p.m.)

16

17

18

19

20

21

22

23

24

25

